

## Message Text

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USDOC FOR DONALD GILPATRICK, OED/EID, RM 2321

DEPT FOR SCISSORS/EB

E.O. 11652: N/A

TAGS: BTIO, SZ

SUBJECT: TRADE FACILITATION: ADELCO AG, BAARERSTRASSE 91, 6300

ZUG 2, SWITZ -VS- BOEING ELECTRONICS, MICROELECTRONICS

DIVISION, P.O. BOX 24666, SEATTLE, WASH. 98224

1. ADELCO FORMALIZED AGENCY AGREEMENT WITH BOEING IN JANUARY 1974 FOR THE MARKETING OF BOEING MICROELECTRONICS IN EUROPE AFTER NEGOTIATIONS AND SALES EFFORTS INITIATED IN MAY 1973. ADELCO SUCCEEDED IN OBTAINING SUBSTANTIAL ORDER ON BEHALF BOEING FOR CUSTOM HYBRID MICROCIRCUITS FROM CONTRAVES, A LARGE SWISS COMPANY INVOLVED IN ENGINEERING AND PRODUCTION OF TANK FIRE CONTROL SYSTEMS UNDER EUROPEAN MULTINATIONAL MILITARY PROJECT. INITIAL ORDER ON WHICH BOEING BID AND ADELCO SIGNED AGREEMENT WITH CONTRAVES REPRESENTS DOLS 325,000. FOLLOWING ORDERS MAY EXCEED DOLS 2 MILLION. OTHER ORDERS ANTICIPATED FROM OLIVETTI ITALY FOR DOLS 360,000 AND LIP WATCH MANUFACTURER. ADELCO CONTENTS IT INVESTED CONSIDERABLE TIME, MANPOWER AND MONEY IN REPRESENTATION AT SALON DES COMPOSANTS PARIS AND SALES EFFORTS ON BEHALF BOEING.

2. ADELCO AWARE OF CHANGES IN MANAGEMENT AND PERHAPS POLICIES AT BOEING ELECTRONICS WHICH MAY AFFECT ITS AGENCY AGREEMENT AND IMPORTANT ORDER NEGOTIATED WITH CONTRAVES. HAMMON, PRESIDENT, ADELCO VISITED

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BOEING IN JUNE AND SUBSEQUENTLY WROTE O.C. BOILEAU,

PRESIDENT, BOEING AEROSPACE GROUP, THE BOEING COMPANY, SEATTLE, AND W. LAMBERT, DIRECTOR OF CONTRACTS BOEING AEROSPACE, SEATTLE. ADELCO CLAIMS HIS LETTERS AND TELEXES REMAIN UNANSWERED.

3. ASSISTANCE REQUESTED: (1) ADELCO WISHES ASSURANCE FROM BOEING THAT CONTRAVES ORDER WILL BE EXECUTED; (2) ADELCO WOULD APPRECIATE CLARIFICATION OF BOEING'S INTENTIONS AND ALLEGED CHANGES IN MANUFACTURING AND MARKETING POLICIES FOR MICROCIRCUITS.

4. IN VIEW OF IMPORTANCE OF ORDER PLACED BY CONTRAVES, ITS PROMINENT POSITION IN SWISS AND EUROPEAN MILITARY CIRCLES AND DETRIMENTAL EFFECT BOEING'S ALLEDGED FAILURE TO SUPPLY MAY HAVE ON BOEING'S IMAGE, AND POSSIBLY THAT OF U.S. BUSINESS COMMUNITY IN GENERAL SPECIAL HANDLING IS RECOMMENDED. DOC IS REQUESTED TO LOOK INTO PRESENT SITUATION OF MICROELECTRONICS AND ELECTRONICS DIVISION AT BOEING, SINCE ADELCO REPORTS RUMORS THAT THEY MAY BE CLOSED DOWN.  
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**TAGS:** BTIO, SZ  
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